



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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September 22, 1994

CERTIFIED RETURN RECEIPT
P 074 978 917

Mr. Phillip Palmer
Diamond K
234 North 500 West
Richfield, Utah 84701

Re: Amended Notice, Diamond K, B & J Placer Claims, S/015/041 (UTU-69860), Emery County, Utah

Dear Mr. Palmer:

The Division is in receipt of your Amended Notice of Plan of Operation dated August 3, 1994. We received a copy of this amendment on September 12, 1994, from the Bureau of Land Management (BLM). The amendment states the current disturbance at the B & J Placer Claim operation is approximately seven acres, with plans to increase the disturbance to 12 acres in the near future.

Your application currently on file with the Division is for a Small Mining Operation disturbing five (5) acres or less. Section R647-3-113 of the Minerals Rules states: "Before enlarging a small mining operation beyond five (5) acres of surface disturbance, the operator must file a Notice of Intention to Commence Large Mining Operations (Form MR-LMO) and receive Division approval." By exceeding five acres of surface disturbance prior to receiving state approval of a Notice of Intention to Commence Large Mining Operations, you are operating in violation of the Utah Mined Land Reclamation Act. In order to remedy this situation, we ask that you submit a completed MR-LMO application (form enclosed) to the Division within 45 days of your receipt of this letter; and, refrain from expanding your operations beyond the current disturbance of seven acres until the Division has granted tentative approval of the Large Mining Operation Notice of Intention.

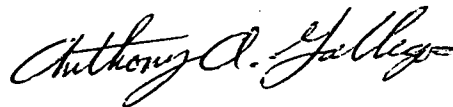
In addition to submitting the MR-LMO form you will need to post a reclamation surety, based upon the amount of monies estimated to reclaim the site. The surety will need to be posted prior to the Division's final approval of the Large Mining Operation notice. The amount and form of surety will need to be acceptable to both the BLM and the Division.

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It is our understanding that you have already posted a \$10,000 reclamation surety with the BLM for the current status of mining operations at this site. A surety made out jointly to both agencies will most likely be required. Once you have decided on the type of reclamation surety to be posted, please contact the Division and BLM offices for the appropriate form to be used for that particular type of surety. We have contacted the BLM and understand they will also be requesting some additional permitting information from you regarding this amendment.

A copy of the State's Minerals Rules is also enclosed for your information. Please contact me or Wayne Hedberg if you have any questions regarding this letter or completion of the MR-LMO form.

Sincerely,



Anthony A. Gallegos
Reclamation Engineer

jb

Enclosures: (1) MR-LMO form, (2) Minerals Rules

cc: Neil Simmons, BLM San Rafael R. A.

Lowell Braxton, Wayne Hedberg, DOGM (route)

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